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MONETARY DIPLOMACY IN 1878.

BY

HENRI CERNUSCHI,

AUTHOR OF "BI-METALLIC MONEY."

London:

P. S. KING, PARLIAMENTARY BOOKSELLER,

CLIVE'S BUILDING, KING STREET, WESTMINSTER, S.W.

1878.

Price Two Shillings.

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CONTENTS.

I.

The French Interest 6

ERRATUM.

Page 13, par. 4, the second sentence should read thus:

"With the gold pounds (their only money) the English cannot pay in India, where gold is not legal money: with the silver rupees (their only money) the Hindoos cannot pay in England, where silver is not legal currency."

VII.

The Balance Sheet 48

VIII.

Delenda Carthago 57

CONTENTS.

I.

The French Interest 6

II.

The English Interest 12

III.

Mr. Goschen 18

IV.

M. Say 29

V.

Holland and the other States 36

VI.

The Close of the Conference 41

VII.

The Balance Sheet 48

VIII.

Delenda Carthago 57

MONETARY DIPLOMACY IN 1878.

HERE beginneth the second bi-metallic campaign. The first lasted four years, and terminated with the International Monetary Conference held in Paris in August 1878, at the Ministry of Foreign Affairs, under the Presidency of M. Say, Minister of Finance.

What was done at this Conference? How in particular did the two great metallic powers, France and England, conduct themselves?* What are the results of the first campaign? What promises the second? You will be edified on all these and other points if you will be good enough to read the following pages.

* Germany twice refused to take part in the Conference. She first refused the invitation of the Washington Cabinet, she afterwards refused the invitation addressed to her from Paris by the Conference itself. It may be said that Germany did not venture to come and justify her law of demonetisation against silver before the representatives of Europe and America, nor explain how that demonetisation, announced as to be effected within a short period, is after five years only half realised.

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I.

THE INTEREST OF FRANCE.

TAKE a hundred francs of gold (five 20-franc pieces). Melt them. The ingot which you will obtain is still worth a hundred francs. Why? Because it is gold which weighs as much as five 20-franc pieces, and because you have a right to take that gold to the Mint and have it coined into five 20-franc pieces.

Take a hundred francs of silver (twenty 5-franc pieces). Melt them. The ingot which you obtain is no longer worth a hundred francs. Why? Is it not silver which weighs as much as twenty 5-franc pieces? Yes, but you have not the right of taking that silver to the Mint and having it coined into twenty 5-franc pieces. The right of having any quantity of silver coined was formerly enjoyed, but has been lost for some years, since the mono-metallists have induced Europe to allow gold only to be coined. You must therefore sell your ingot of silver to the silversmiths or exporters, who will give you for it not 100 francs, but to-day 80, to-morrow 75, another day still less.

There exist more than five hundred millions of French 5-franc silver pieces, which are legal

currency in France, with unlimited paying power, and for which the French Treasury is responsible. It is a total of two-and-a-half milliards of francs. All this money is vitiated money, debased money, for the fixed value stamped on the coins is without correlation to the henceforth changing and ever decreasing value of the material of which they are made. Yes; and here is the capital fact, if French interests are considered, the 5-franc silver pieces have the metallic ring, but they are more of the nature of paper money than of sound, just, and real money. As it is, this money is unworthy of France. On this point, mono-metallists and bi-metallists, all the world indeed, are agreed.

What should France do? What should she resolve upon as to these 2½ milliards of debased money? Two solutions are offered: the mono-metallic and the bi-metallic.

Mono-metallic solution. Withdraw from circulation all or nearly all the 5-franc pieces, despatch them to London reduced to ingots, and sell them there for gold, to be coined into 20-franc pieces to take the place of the silver called in.

Every London broker knows that from the first sales silver would undergo a fresh fall, and that that fall would every day become more terrible. But the mono-metallists flatter themselves, perhaps, that by selling the metal accruing from two milliards of silver, the French Treasury would obtain a quantity of gold which would suffice for fabricating one

milliard in 20-franc pieces. Two milliards reduced to one! Only a milliard sacrificed! And to think that even this sacrifice could not be entirely consummated! For this it would be necessary that the English should agree to give up all their gold and remain without money. The buyers of silver would be wanting, and the French Treasury, after having lost hundreds of millions, would have to abandon pushing further the demonetisation of 5-franc pieces.

Ruinous in the first place, impracticable in the second, the mono-metallic solution will never find a Minister of Finance to propose it to Parliament. M. Say himself declared it inadmissible before the Conference (sitting of the 19th August).

Bi-metallic solution.—In Europe and the United States to make silver money, as well as gold money, legal tender without limitation of amount; in Europe and the United States to establish the same ratio between the weight of the gold piece and the weight of the silver piece; in Europe and the United States to allow the public the right of having the two metals coined without limitation of quantity. If these legislative measures were taken (even without awaiting the adhesion of other States) by the three great Atlantic powers, France, England, and the United States, there would be no longer, either on the entire globe or in the interior of any country, or between one country and another, any possible difference between the paying power of gold and that of silver. Gold pieces and silver pieces might be melted down

into ingots without either ceasing to be worth what they were worth before melting down. Then the two-and-a-half milliards of French silver which are in circulation would really be worth two-and-a-half milliards, both in the condition of coin and the condition of ingots, neither more nor less than if they were gold francs.

This solution is the only good one. It would cost nobody anything, and to realise it it suffices that England, whom it would benefit still more than France, does not offer any obstacle to it. It is the solution contained in the project of monetary compact in favour of which the United States invited Europe to join them in international conference.

In issuing the invitations and in asking that Paris should be the seat of the Conference, the United States evidently counted on the warm adhesion of France, for their project after all aimed only at restoring to honour and vigour the old bi-metallic legislation of France, and at getting it adopted by other nations. The United States were mistaken, greatly mistaken. M. Say, though he rejected the mono-metallic solution, would not throw his influence into the scale to make the bi-metallic solution prevail. Instead of joining the Americans in order to arrive at the re-habilitation of the two-and-a-half milliards of French silver, he went with the English, who had but one desire, to make the Conference a failure.

It was in fulfilment of a law passed by Congress, that President Hayes nominated the American dele-

gates who came to Paris: Mr. R. Fenton, Ex-Senator, Ex-Governor of New York; Mr. Groesbeck, Ex-Representative, a Member of the American Monetary Commission appointed by Congress in 1876; General Francis Walker, Professor of Political Economy at Yale College, Author of the large Statistical Atlas of the United States, and of the important work *Money;* and Mr. S. Dana Horton, Author of several remarkable Treatises: *Silver and Gold, the Monetary Situation*, &c. It is thus seen that the American Delegation was formed with care and solemnity.

This imposing attitude of the American Republic was in no way reciprocated by the French Republic. M. Say let the opening day of the Conference arrive as an immaterial, almost troublesome date. The *Officiel* announced no decree nominating the French Delegates, and it was only on the morrow of the first sitting of the Conference that people learned that M. Say had associated with himself two functionaries to represent France, two functionaries of merit nobody denies, but who received from the Minister but one mission (a mission which they faithfully performed, as was their duty), the mission of holding their tongues. The four American and the three English Delegates all spoke; of the three French Delegates, M. Say only spoke, and he always to renounce action and to reduce the vote of France to nothing. It occurred to him to question the Americans as if to catch them tripping; he censured the laws of the United States; but he was wary of addressing the

smallest observation to the English, or of offering a single word to point out the crying faultiness of the monetary laws of the British Empire. In reality it was Mr. Goschen, the head of the English Delegation, who directed at his will the labours of the Conference.

II.

THE INTEREST OF ENGLAND.

People know exactly at New York how many gold dollars must be sent to London or Paris to get a thousand pounds sterling or a thousand 20-franc pieces manufactured. They know exactly at London how many pounds sterling must be sent to Paris or New York to get a thousand 20-franc pieces or a thousand gold dollars manufactured. They know exactly at Paris how many gold francs must be sent to London or New York to get a thousand pounds sterling or a thousand gold dollars manufactured. From the moment that the Mints of London, Philadelphia, and Paris, coin all the quantities of gold presented to them, gold is itself international money between England, the United States, and France. So it was with silver until the last few years. Silver was international money between France, Prussia, Austria, Holland, and Russia, as long as the laws of those States allowed the public to get coined any quantity of it in 5-franc pieces, in thalers, in florins, in roubles.

The amounts, or what is the same thing, the weights of metal owed to each other by the inhabitants of two countries endowed with a common monetary metal generally balance each other, and the difference remaining is sent from one country to the other by the debtor's bankers to the creditor's bankers. Nothing easier. Not so between two countries which have not a common monetary metal, and such is the case between England and her great dependency India.

England has only gold money; the public have not there the right of getting silver coined. India (200,000,000 of inhabitants) has only silver money; the public have not there the right of getting gold coined.

What would happen if a law forbade the English to learn the language of the Hindoos and the Hindoos to learn the English language? In default of interpreters the English and the Hindoos could exchange ideas only by signs; they could no longer talk with each other.

Well, the English monetary law produces effects which are not less strange, tyrannical, and pernicious. English and Hindoos cannot pay each other. *With the gold pounds (their only money) the English cannot pay in India, where silver is not legal currency. And there are economists, the greatest among the economists—in France, M. Michel Chevalier, M. de Parieu, M. Victor Bonnet; in Belgium, M. Frère-Orban; in Switzerland, M. Feer-Herzog; in Austria,

* See Erratum in front of book

M. Hertzka; in Germany, M. Louis Bamberger—who in accord with the *Economist* of London and the *Economiste* of Paris, applaud this legislation! India, they say, is a poor country, it is not worthy of having gold money; England, they add, is a rich country, it should not deign to have silver money. *Dictum est.* As to settling their import and export accounts, their debts and their credits, let India and England manage how they can.

They do manage in fact as they can. Failing a common monetary metal they have recourse to roundabout, difficult, anti-economic operations, almost as much so as barter. Burdened with an annual debt of £16,000,000 sterling, payable in gold in London, the Government of India has for some years been forced to expend, in order to procure that gold, not 160,000,000 rupees as formerly, but 190,000,000. A dead, irrecoverable loss, nearly 20 per cent. every year on a colossal amount. All the English holders of Indian bonds whose coupons are in rupees lose a fifth of their revenue. All the savings of the English officers, soldiers, functionaries, on service in India, are also reduced by a fifth when remitted to their families in Europe. The import and export trade is suffering—seriously suffering. The taxes are ever increasing, and loan after loan is issued in order to meet the deficit caused by the losses on the exchange between silver and gold.

Evils so great and persistent must have a remedy. Which? There is but one; but it is specific, prompt,

infallible: Bi-metallism. Let the London Mint be thrown open to the free mintage of silver in 4 or 5-shilling pieces; let the Mints of France and of the United States be at the same time thrown open to the unlimited mintage of 5-franc silver pieces and silver dollars; and the happy time prior to 1874 will come back for ever; the time when the exchange between the rupee and the pound sterling did not vary; the time when there was an interpreter between the gold language of England and the silver language of India—French Bi-metallism. Let us explain this.

Until 1874 a clear and sonorous voice was always esounding on the banks of the Seine. It said: "I "am France; rich in gold and rich in silver I can "arrange that in the entire world, the two metals "form but one money. Peoples and nations! bring "to Paris all the gold and all the silver you like. I "take it all. For a hundred-weight of gold or for "15½ hundred-weights of silver I will always give "you the same quantity of francs. Let the produc- "tion of one metal or the other be more or less "abundant, more or less costly, it will be immaterial "to me, I will never alter my rate of 15½. Peoples "and nations! do you want gold? Bring silver. "Do you want silver? Bring gold. As bi-metallists "the French have no preference for one metal or the "other, they will always make the exchange for you, "if you ask, of one metal for the other, on the basis "of 15½, and in the two hemispheres the relative

" value of the two metals will always and everywhere " be the same: 1 to 15½."

And until 1874 things happened as France had said. France was the great bi-metallic coiner of the world. The first francs are dated 1795; in 80 years she has coined fourteen milliards of them! Five for her own circulation (they are still in the country), nine for the foreigner, who was constantly bringing now gold in order to export silver francs, now silver in order to export gold francs, always at 15½. Neither the Mexican, nor the Californian, nor the Australian miner, nor the owner of plate or ornaments, ever agreed in any country to give up 1 of gold for less than 15½ of silver, or 15½ of silver for less than 1 of gold. The two metals being in France legal currency, forced currency, without limit of quantity, at the rate of 15½, the whole universe naturally conformed to this rate of 15½.

One country alone had not listened to the bi-metallic voice of Paris—it was Japan. Hermetically enclosed in their island, the Japanese knew not what was going on in the rest of the world, and an ounce of gold was there worth only four ounces of silver. But as soon as Japan was opened up (1859), as soon as steamers brought news from Europe and America, the 15½ planted itself in Japan as everywhere else. It was inevitable. Economists persist in saying that the establishment of the 15½ is impossible; history testifies that they are wrong.

Until 1874, India and England had always

profited, perhaps without knowing it, by the bi-metallic law of France. Between the gold pound sterling and the silver rupee there was always fixed equivalency at 15½. With 1 of gold England could always obtain 15½ of silver; with 15½ of silver India could always obtain 1 of gold. India and England, let us repeat, had profited, like all the nations, by the fixed accord which the French legislation had instituted between gold and silver.

This accord was broken by the fault of the economists. They preached up the proscription of silver money in favour of gold mono-metallism, and they converted Germany. This first misfortune produced the second; France suspended the coining of silver, and bi-metallism ceased working.

France will not undertake alone the recovery of silver as compared with gold, but she is ready to march if England and the United States march with her. The United States say yes, England says no.

England, much more than France, and much more than the United States, has an interest in silver being placed on a par with gold, in bi-metallism being re-established. Why, then, does she refuse to co-operate in the great work?

Her chief delegate at the Conference, Mr. Goschen, is about to tell us.

III.

MR. GOSCHEN.

It was Mr. Goschen who, in 1876, presided over the Parliamentary Committee of inquiry into the fall of silver, and the report presented to the House of Commons at the termination of the inquiry was his work. This report is a very important document; the fall of silver in comparison with gold is there investigated with the greatest care, and the truth can be very well descried in it, at least by those who will read it attentively.

If Germany had continued to coin silver money, if she had not had to sell the silver she withdrew from circulation, France would have remained bimetallic, and the value of silver in relation to gold would not have lessened.

It is true that fresh silver mines have been discovered at Nevada; it is true that the export of Indian commodities has diminished; it is true that for some time the Government has been every week offering for sale at London bills on India to a more considerable amount than heretofore, and that these bills, which are payable in rupees, form a serious competition with the vendors of silver; it is true

that all these circumstances have acted to the detriment of the value of silver as compared with gold; but why were they able to act? Because the monometallists had first blown up the bi-metallic machine, the effect of whose use had actually been to maintain invariable the relative value of the two metals, whatever the winds and whatever the tides.

Evidently to cure the disease it is necessary to reconstruct, and on a still broader basis, the bimetallic machine; but for the adoption of this remedy, which implies the free mintage of silver at London, the English people feel, so at least it is alleged, great aversion, and this is why Mr. Goschen, while accepting the direction of the Parliamentary inquiry, had said: "We shall have to show the cause of the "evil, we shall not have to suggest the remedy." Why then the inquiry? Thoroughly to understand the evil, thoroughly to perceive the remedy, yet to prescribe nothing, to suggest no cure—is that the mission of a statesman? However this may be, the English Government will admit no other programme than that of inaction; and this is the programme, accompanied by some desires respecting what other states should or should not do in the interest of England, this is the programme which Mr. Goschen and his colleagues, Mr. Gibbs, Ex-Governor of the Bank of England, and Sir T. Seccombe, Financial Secretary to the India Office, came to set up against the programme of action proposed by the United States.

"Let us renounce theoretical discussions," exclaimed Mr. Goschen at the Conference, "they would result only in a considerable waste of time." What! does England refuse all theoretical discussion? She has always boasted of possessing the best monetary system, her writers have invited other nations to become mono-metallists like her, a Chancellor of the Exchequer, Mr. Lowe, who was Mr. Goschen's colleague in the Cabinet, was able in full Parliament (the 6th August, 1869) to congratulate himself on being able to announce that he had persuaded the French Government to abandon the mintage of silver; yet England shirks all scientific discussion!

Notwithstanding this refusal, Mr. Goschen was pleased to declare that "the American proposition, involving the universal double standard, seems to him impossible to realise—a veritable Utopia." On reading these words one would fancy the bi-metallists have need of the unanimous adhesion of all states, great and small. But this Utopia nobody has imagined, either in America or in Europe. What is asked is the co-operation of the principal powers, and for the success of the American project, as has repeatedly been said, there is strictly necessary only the co-operation of France and England. Is even this Utopian? "Yes," says Mr. Goschen," for England is firmly resolved to maintain at home the single gold standard."

Thus the Americans are accused of proposing an impossible compact, and if it is asked why the mone-

tary compact would be less possible than the postal compact now in force, England comes and says: the monetary compact is impossible, because I will not have it; *stat pro ratione voluntas.* It seems to us that, having agreed to be represented at the Conference and resolving to refuse her adhesion to the American propositions, England ought to have demonstrated that it was not French bi-metallism which preserved the value of gold in relation to silver at the time of the influx, so much dreaded by the economists, of Californian and Australian gold. It seems to us that England should have demonstrated, proofs in hand, that it was not French bi-metallism which fixed and maintained for nearly a century a par of exchange at 15½ between the rupee and the pound sterling. It seems to us that England should have demonstrated by sound reasoning, that her co-operation in the monetary compact proposed by the United States would not produce either for herself or for India, or for the other nations, the benefits promised by the bi-metallists.

Who would believe it? England, who means to remain mono-metallist under any circumstances, implores other nations not to follow her example. Listen to Mr. Goschen:—

> It is clear that one or two states may demonetise silver without this involving very serious consequences; but if all did so where find buyers? How avoid an unlimited fall? It is here that all states are interested in the

future of silver. If the demonetisation of silver were carried out everywhere at once, is it quite certain that the quantity of gold at present in circulation would suffice for the needs of circulation? Would there not be reason to fear on the one hand a fall in silver, and on the other an augmentation in the value of gold and a corresponding fall in the price of all merchandise? And, moreover, would it not be more difficult for paper money countries to return to the metallic circulation if the single gold standard were everywhere adopted? They would be obliged to have recourse to the already so much diminished stock of gold to resume specie payments. There are many consequences to consider before entering on the path of the universal gold standard, which is a Utopia altogether visionary.

Hang down your heads, proud mono-metallists of Paris and Berlin! Bow down! It is your England herself who repudiates and castigates you!

Mr. Goschen, as was to be expected, did not speak merely of the general interest, he spoke also of the English interest:—

A campaign undertaken against silver would be very dangerous; even for the countries which have only made gold money legal currency. England, for example, though she has the single gold standard, has a great

interest in maintaining silver as a monetary metal, and in this question, it must be acknowledged, there is no State which has a clearer, more precise, and less compromised position than hers. Her monetary system rests, and will continue to rest, in Europe on the single gold standard; but India, which is one of her dependencies, has the single silver standard. England has borne without flinching the depreciation of that metal; she has taken no restrictive measure against it; she has not proscribed it and kept it at a distance, even when it was most debased. Whereas the Latin Union shut its doors on it, and Holland left them only half open to it, England allowed silver its free-usage; she did not give it the finishing stroke by banishing it, and she has for five years borne all the consequences resulting from the natural course of things.

For five years everybody in India has been suffering, private individuals and functionaries; all have been undergoing enormous losses on the exchange, and the Government also.

Merchants have suffered serious losses through the fluctuations of price. But we have stood firm, we have had recourse to no restrictive measure. England has given proofs of her good faith in the silver question

by the patience with which she has resolved to wait till it recovers its value, and it is by this forbearance that she has kept up in the world the position of silver. In this respect she has done more than any other state. Thanks to her, India has continued to be the market which has kept up the circulation of silver. If England had followed the example set by other countries, she would have made it fall much below what it has fallen. She has not done so; but if other states were to indulge in a propaganda in favour of the single gold standard and were to demonetise silver, the Indian Government would perhaps be forced to reconsider the situation, and constrained by events be forced to take measures analogous to those which have been taken elsewhere. In that case the general effort which would be made on all sides at once to get rid of silver, might occasion the most serious disturbances in the economic situation, and produce a crisis more disastrous than all those in the memory of the commercial world.

Thus England is suffering, India is suffering, it is admitted, but one ought to be much obliged to England for her tenderness towards silver, she has taken no measure against that metal; but beware! If Europe thought of getting rid of its silver, England would lose patience, and.....

This appeal, at once sentimental and threatening,

produces little effect. The truth is known. If England leaves the rupee alone, it is because she cannot possibly meddle with it. In July 1876, the Bengal Chamber of Commerce addressed a petition to the Viceroy and the Indian Government, tending to the prohibition or limitation of the coining of rupees. Here is the reply of the Government, dated Calcutta, the 9th February, 1877. It is topical:

> To suspend the free coinage of legal-tender metallic money, as advocated by the Bengal Chamber of Commerce, would give a monopoly value to the existing stock of rupees. The value of no substance can serve as a standard measure of value, unless its use as the material of legal-tender currency is freely admitted. If, therefore, the free coinage were disallowed in India, silver would no longer be the standard of value of India, but another standard would be substituted, viz, the monopoly value of the existing stock of rupees, tempered by any additions made to it by the Government, or illicitly. A sound system of currency must be *automatic*, *i. e.*, self-regulating. No civilised government can undertake to determine from time to time by how much the legal-tender currency should be increased or decreased, nor would it be justified in leaving the community without a fixed metallic standard of value even for a short time. It is a mistake to suppose that any European

nation has rejected silver as a standard of value without substituting gold. For all these reasons the Government of India rejected as inadmissible the proposal that the Mints should be closed to the free coinage of silver for the public without at the same time opening them to the free coinage of gold as legal-tender money.

Without opening them to the free coinage of gold, that is to say without forcing the English to send large quantities of gold to India to pay their commercial balances, always considerably on the debit side; that is to say without snatching from the Bank of England the twenty or twenty-five millions of sovereigns, which are the monetary palladium of the realm. Here is the reason why nothing less could be done than maintaining in India the free coinage of silver. The Viceroy and Government of India were perfectly frank in their reply to the Bengal Chamber of Commerce. Correct and scientific was their language, and they did not pretend that theoretical discussions would have no other result than *a considerable waste of time.*

Mr. Goschen allowed it to be understood that England would not be ill-pleased if the German stock of silver still unsold were bought by the United States. Touching solicitude in behalf of American bi-metallism! And what an age since the Americans were treated in London as *repudiators of their debts*, because they talked of coining silver dollars! The

German silver once purchased with American gold, " there would be neither more nor less silver in the " world," says Mr. Goschen, " but the effect would " not be the same. The uncertainty which prevails " in our market would have disappeared, and the " movement of silver would revert to its normal con- " ditions." Grand illusion ! In his work, *The Theory of Foreign Exchanges*, chapter 4, Mr. Goschen wrote: " Gold is simply merchandise in countries " which have only silver money, and silver is simply " merchandise in countries which have only gold " money." Quite true. He added: " If gold and " silver are precisely to each other what may be " called the par value between the two, which is gene- " rally the case....." Yes, as was generally the case, as generally as between two moneys of the same metal; but this par was nothing else than the $15\frac{1}{2}$, the French par, a *legal par*. Between two merchandises (and without legal bi-metallism, gold and silver are by turns merchandise, Mr. Goschen himself affirms it), between two merchandises, or between one merchandise and one money, there never can have been, there cannot be, there will never be *what may be called the par value.*

In vain may German silver have been sold in a mass; if Europe does not return to legal bi-metallism, and it will not return if England remains mono-metallic, a moderate arrival of Mexican or Nevada silver will suffice to terrify the London market and ruin the price of that metal, which is no longer coinable in Europe.

But what are really England's wishes? "The "aim towards which the various states should steer," says Mr. Goschen, "should be to maintain silver in "the position it at present occupies as the companion, "the partner, or rather the natural ally of gold in "every part of the world where this is possible." No; the position at present occupied by silver towards gold is quite other than a position of companion, partner, ally. War, fratricide are the order of the day between the two metals, and you talk of maintaining what exists! Ah! you are afraid for English interests, lest the massacre should become more murderous, but not venturing to speak of pacification (for to this pacification there is a condition *sine qua non*: the free coinage of silver in England, a condition which you reject you cannot say why), not venturing to propose anything, not venturing to discuss anything, not venturing to decide anything, you trust to the *statu quo*. Like the ostrich, you bury your head in the sand to fancy yourselves in safety.

How many millions will England yet lose and make the Hindoos lose before acknowledging her mistake?

IV.

M. SAY.

M. Say declared at the Conference that "the "attitude of the French Government is expectant, "and that it will remain so as long as the causes of the "fall of silver have not been exactly recognised and "measured." As well say that the attitude of the French Government will never cease to be expectant, for if after so many inquiries and so many reports, English, Indian, and American, the causes of the fall of silver still remain unknown, one may be certain that at no period will they be recognised. Never knowing them, France will always remain in suspense, always inert. That is all that Mr. Goschen demanded with his formula: *maintain silver in the position it at present occupies.*

"The attitude of France should be especially "expectant," added M. Say, "until Germany has "finished getting rid of her stock of silver." These words are but the echo of those pronounced by Mr. Goschen some minutes previously. "As long as "the German stock is to sell, one is forced to "preserve an expectant attitude." Happy Germany!

She lets loose on Europe, on Asia, and on America, a monetary typhoon unprecedented in the annals of all ages and all countries, and the economists sing her praises! She prepares to sell her demonetised silver, and the Latin Union hastens to invent expressly for her that pernicious legislation of limited coinage in order in four years, from 1874 to 1877, to manufacture a hundred million of 5-franc pieces, without proper value, exactly the quantity which was necessary for absorbing all the silver which Germany has been able to sell! She repeatedly refuses to come to the Conference, and behold the two great ringing-money powers—France, with the bi-metallic genius, and England, with the mono-metallic prejudice—behold Mr. Goschen and M. Say agree in full Conference in saying to Germany: at your leisure; take your time; we are at your disposal, we will act only when you are pleased to let us know that your stock of silver is sold; till then, *expectant attitude.*

Through the medium of Professor Soetbeer of Göttingen, Germany had announced that her silver would be all sold before the end of 1876. That promise, like all the promises of the mono-metallists, could not be kept. We are approaching 1879. Will it be necessary to wait for 1885, 1890, 1900? and till then to be content with holding our arms in the air, as those of Moses were held on his hill? No, the postponement till the Germanic kalends is only a pretext invented by the English in favour of inaction. If France, the United States, and England, signed

the bi-metallic compact at 15½, all the German silver would be immediately absorbed without loss, and without overplus for any of the three powers; the German silver, like all the silver in the universe, present silver and future silver, would by the triple alliance be suddenly converted into gold, that is into money worth exactly the same as gold money on the footing of 15½; so that, astonished at seeing the silver pieces worth as much at London, at Paris, at New York, at Calcutta, as the gold pieces, Germany would very probably keep her silver, well satisfied at not having lost all the millions which the economists had sworn to make her lose.

The interests of France are bound up with the re-establishment of bi-metallism. M. Say does not deny it. "But as to the question," he says, "whether "it is proper to restore its legal currency to silver in "countries where it has been withdrawn from it, we "do not think it is allowable for us to give anybody "any advice on that subject, because we on our part "have no compensatory measure to offer in exchange "and thereby our advice would lack weight." We do not understand this. It is solely a question of advising England to coin silver money at London in order to reinstate in international monetary value Indian silver, Dutch and Java silver, Austrian silver, Russian silver, Latin silver, and even German silver. France is not bound to offer compensation to anybody; it is, on the contrary, the English, the Hindoos, and all the nations which will be bound to

thank France for having converted the British Government to bi-metallism.

" We think," says M. Say, " that silver should " preserve the character of legal money where it " possesses that character, but we cannot affirm that " it is expedient to invest it with it wherever it does " not possess it." It is enough to be able to affirm that it is expedient to invest it with it in England. If England refuses to assign the character of legal *automatic* money to silver, that metal will no longer possess that character except in Asia, and France will have to abandon the hope of restoring to their old par with the gold francs the two-and-a-half milliards of silver francs which she possesses.

" At present the circulation of silver does not go " on regularly, it is disturbed," says M. Say, " and " made as it were ill by the instability of quotations." *The instability of quotations.* This error is always and everywhere met with; it is the favourite error of the economists. Silver has no price where it is coinable at pleasure; rupees are not sold in India, nor the metal which people can get converted into rupees, just as gold is not sold where with gold people can freely get fabricated pounds sterling or 20-franc pieces. Silver has a price and is sold at London, because it is not coinable in England. But this price, this quotation of silver at London, was stable as long as French bi-metallism was in operation. For a century the ounce of silver at $\frac{925}{1000}$ fine was worth at London $60\frac{3}{4}$ pence gold (the ratio $15\frac{1}{2}$). That

price was fixed, and if there were slight oscillations they were due only to the state of dependence in which England stood towards foreign bi-metallism; if the English law had itself been bi-metallic, no oscillation could have taken place. Since 1873, since French bi-metallism abdicated, all has changed; the quotation of silver at London has become as unstable as the quotation of copper or lead. This is because the relative value of the two monetary metals is but a reflection of the relative value dictated by legislators. Deranged quotations, violent shocks, if great countries have no legal par (as is the case at present, unprecedented case, because the absence of legal par is unprecedented); quotation at $15\frac{1}{2}$, if great countries have established the par $15\frac{1}{2}$ (as was the case before 1873); quotation at 10, at 12, at 18, if great countries legislatively sanctioned any one of these proportions. Tell me the quotations, I will tell you what is the legislation. Let me make the laws, I will make you all the quotations I please.

"How long will this instability last?" asks M. Say, and he goes on to say "that is what we cannot "know." Oh! yes, one can know and does know it. It will last for ever if international bi-metallism is not instituted, if France does not induce England to declare the coinage of silver as free as that of gold.

"During almost a century," says M. Say, "the "legal ratio of $15\frac{1}{2}$ nearly expressed the normal "quotation of silver." This should be inverted. During nearly a century the normal quotation of

silver was maintained by the French law at 15½ compared with gold.

"It is not proved," says M. Say, "that the recent "alteration of that quotation is due to causes whose "effect is not to cease." Quite proved, on the contrary; it is solely due to the disappearance of the French legal 15½, and the effect of this cause will never cease as long as the cause itself exists.

"We cannot say beforehand, "observes M. Say, "that there will be between the contingent production "of silver in mines and the regular and constant re- "quirements of Asiatic commerce, such a ratio that the "legal ratio of their value will never come to be "altered." If an international legal ratio is established between the value of the two metals, there is nothing which need be stated beforehand. If gold were the sole money of nations, would not people accept, without knowing beforehand, the whole production of mines, whatever it was? Did they not accept with their eyes shut the whole production of Californian and Australian gold, quite unforeseen as it was? Why not accept, without knowing beforehand, the whole production of silver? Has it not been accepted from all time without having previously consulted any astrologer? What is important is that the two metals, whatever the production of the one or the other, should form only one money, and that is what is obtained by promulgating bimetallic laws. These once promulgated, legislators have not to trouble themselves either with the

yield of monetary mines, or the regular or irregular, constant or inconstant requirements of Asiatic, American, European, African, or Polynesian commerce, any more than they would have to trouble themselves if in all parts of the world the law was everywhere gold-mono-metallic.

M. Say said in conclusion: " It is not by an abso-" lute refusal that we meet the project of the United " States, and while unable to rally to it now, we do " not pretend to say that the question they submit to " us cannot be one day solved." We beg M. Say to be good enough to weigh all our reasons and to ask himself whether it is not true that the establishment of international bi-metallism has but a single—yes, but a single—obstacle to overcome: the resistance of England. If this conviction enters his mind, he will immediately see that France does not lack the means of exerting a very beneficial influence upon English legislators.

V.

HOLLAND AND THE OTHER STATES.

Holland and Dutch India (Java) do not live in the condition of monetary divorce like England (gold-mono-metallic) and British India (silver-mono-metallic). At Amsterdam and in Batavia the money is the same—the florin coined at Utrecht.

When the economists in 1871 entered on an open war against silver, Holland issued only silver florins, she did not coin gold. But under the blow of the demonetisation of silver in Germany and under the blow of the suspension of free coinage in France, Holland had herself to stop the coinage of silver. In order, however, not to leave the country without *automatic* money having an international value, and in order not to leave foreign countries under an impossibility of paying Holland, it was necessary to open the Mint to the free coinage of gold, and in 1875 a law was passed authorising the unlimited coinage of gold florins. But the Dutch Parliament refused to demonetise and sell the old silver florins. These florins are still all in circulation. The monetary situation of Holland is similar to that of France. One can, in Holland as

in France, pay any debt in gold or in silver, but the coinage of silver being forbidden, pieces of that metal have only an internal and supposed value.

There exists in France as much gold metal as silver metal; from all time the two metals have been legal currency. In Holland gold has only of late been legal currency, and there exist at least 350 millions of silver florins. As guarantor of the value inscribed on every one of the pieces composing this enormous quantity of coin, the Dutch Government is proportionately still more interested than the French Government in the success of the international bi-metallic system which the Americans came to propose at the Conference. Until the day when silver will be freely coined in France and in England, the 350 million florins can serve only for payment in Holland and Java; anywhere beyond they will only be a falling merchandise, good merely for making rupees, rupees which have already lost a fifth of their former value compared with gold and which will lose still more.

The Dutch Government nominated two delegates to the Conference, M. Mees, Chairman of the Netherlands Bank, and M. Vrolik, formerly President of the Mint Commission and Ex-Minister of Finance.

M. Mees, in 1872, wrote a very conclusive paper, in which he advised Germany, then silver-mono-metallic, not to doom itself to gold-mono-metallism, but to make herself bi-metallic. This paper made a great impression at Berlin, but it arrived rather late;

the German Government disregarded it, repeating the famous *alea jacta est.*

M. Mees remarked at the Conference, that Holland must be guided by her great neighbours. She cannot herself issue bi-metallic money if the great powers coin only gold; and M. Mees is right. France herself will not revert to the two metals unless England makes silver legal currency just like gold.

M. Vrolik, well versed in monetary matters, is a staunch bi-metallist. Prevented by painful family reasons, he was unable to come to Paris, and as his colleague was himself forced to return suddenly to Amsterdam, he authorized Count Rusconi, an Italian delegate, to lay on the table of the Conference the copy of an address presented to the King two years ago by himself (M. Vrolik), in his capacity of chairman of the Netherlands Society for the Promotion of Industry, in favour of an international bi-metallic understanding.

It is certain that if France, England, and the United States agree on the establishment of international bi-metallism, Holland will be eager to accede to the great treaty.

As much may be said of Russia, although her delegate, M. de Thoerner, evinced personal sympathies for mono-metallism. Hitherto Russia has always coined the two metals, and it is not she, so burdened with paper money, who when the time comes will be an obstacle to the simultaneous employment of the two monetary metals.

Italy sent to the Conference Count Rusconi and M. Baralis, who supported with the greatest energy the American bi-metallic propositions. If M. Say had done as much, the International Conference would have had very different results to those demanded by England. Instead of dismissing the United States with colourless and ambiguous declarations, England would have been isolated and driven into a corner.

What shall be said of Switzerland and Belgium, those two small states which necessity has always subordinated and naturally subordinates to the monctary system of France, but which are refractory and came to the International Conference to blame, criticise, and condemn the French monetary system—the system which France cannot abandon without sacrificing her traditions, the teachings of science and experience, and a milliard at least? What shall be said of those two small neutral states which resolved to make a stand against the propositions of the great American Republic, and with affirmations so extreme that the English themselves had to check them?

Scandinavia is the only country which has really followed the example of Germany. She had but little silver, she sold it at a loss, and she has at present but little gold. Unlike certain economists, however, she herself declares, with a frankness reflecting honour on her delegate, M. Broch, that it is not sufficient to change the colour of money to make a country rich. The wealth of Scandinavia has not increased since gold money was substituted for silver money.

All her interests invite Austria to side with the defenders of silver. It is not the terrible experiment attempted in Germany which will convert Austria to mono-metallism. There may be misled economists at Vienna, there are some in all countries, but they will wield no influence over the decisions of the State. Count von Kuefstein, delegate, and M. de Hengelmüller stated at the Conference that the Austrian Government endorses the opinion of those who approve bi-metallism and the American propositions. Like Italy and like Russia, Austria cannot but acknowledge the justice of these words of Mr. Goschen : " Would " it not be more difficult for paper money countries to " return to the metallic circulation, if the single gold " standard were everywhere adopted? "

VI.

THE CLOSE OF THE CONFERENCE.

In the course of the sitting of the 28th August, the President of the Conference, M. Say, invited the delegates of the European States to meet privately in another room, "in order to agree," he said, "on "the collective reply they would give to the proposi- "tions of the American delegates."

Strange procedure! From 1865 to 1876 five monetary Conferences were held at Paris—one international in 1867, four special for the Latin Union in 1865, 1874, 1875, and 1876. At all those Conferences the states represented always voted all together, and the authors of the propositions submitted to the vote were not deprived of the right of voting. Why this time was the Conference broken up into two: here the Europeans, to whom a collective reply will be dictated, there the Americans who shall not vote?

Was it feared that a majority would declare in favour of the international adoption of French bimetallism? and was France afraid of having to figure in that majority? However this may be, the

American Delegates, at the moment of deliberating and on the initiative of France, ceased to be the colleagues of the European Delegates. They were left alone, like simple messengers come from beyond the seas to carry away a reply; what do I say? like prisoners waiting at the bar for the return of the judges and their sentence. That sentence had been drawn up beforehand. It so well sums up the ambiguities and contradictions of which Mr. Goschen had made himself the advocate, that one would fancy it emanated from his own pen. Here it is:

> The Delegates of the European States represented at the Conference desire to express their cordial thanks to the Government of the United States of America for having elicited an international exchange of opinions on the important monetary question.
>
> After having maturely considered the propositions of the Delegates of the United States, they recognise:
>
> 1. That it is necessary to maintain the monetary role of silver in the world as well as that of gold, but that the choice between the employment of one or other of the two metals, or the simultaneous employment of both, should be governed by the special situation of each state or group of states.
>
> 2. That the question of the limitation of the coinage of silver should also be left to the free decision of each state or group of states,

according to the particular conditions in which they may be placed, and this the more so as the perturbations which have arisen of late years in the silver market have variously affected the monetary situation of the different countries.

3. That in view of the divergencies of opinion which have been manifested and of the impossibility even for the states which have the double standard to take any engagement relative to the unlimited coinage of silver, there is no ground for discussing the question of an international ratio of value to be established between the two metals.

That it is necessary to maintain the monetary role of silver in the world as well as that of gold. As well declare that it is necessary to maintain the Arctic Pole in the world as well as the Antarctic Pole. Who would abolish one of the two poles? Who would abolish silver money in Asia? Who would abolish the old silver coin which is circulating in Europe? *Maintain in the world.* Why this vagueness? Why not name the European States or America? Silver is either good money or it is bad money. If it is good money, let England take it; if it is bad money, let not England ask others to take it.

That the choice between the employment of one or other of the two metals, or the simultaneous employment of both, should be governed by the special situation of each state or group of states. This means that

England should be praised for resolving to remain a mono-metallist, and that in order to be agreeable to the English Government, disconcerted by the fall of the rupee, other states, it is reckoned, will give themselves up to bi-metallism, though Mr. Goschen has declared it unscientific and inadmissible. This means, too, that the French Government should forgive the defection of Belgium and Switzerland, its allies in the Latin group, and that France should engage to allow the circulation in her territory for six years more of the non-French 5 franc pieces. If these pieces were banished from France, the silver crisis would become more acute, England would suffer too much from it—she would be forced to embrace bi-metallism. It is the duty of the French Government to save England this extremity.

That the question of the limitation of the coinage of silver should also be left to the free decision of each state or group of states. This beats all. The limitation of the coinage, as the Anglo-Indian Government has itself demonstrated, is the worst measure a civilized government can take. Non-*automatic* metallic money, that is to say, money coined in limited quantity, is worse than paper money. The latter at least costs only the expense of printing to the state issuing it. But to raise the value of the rupee, England wishes the United States, and the Latin group, and every possible country, herself excepted, to go into the market and buy silver to make no matter what of it, even *assignats.*

That there is no ground for discussing the question of an international ratio of value to be established between the two metals. There is no ground for discussing that ratio because England is afraid of all discussion, and because M. Say will do nothing to displease England.

What had passed in the private meeting of the European Delegates? We know not. But from the declarations made by the Delegates next day before the Americans, one may infer that the scheme of collective reply satisfied those only who proposed it—Mr. Goschen and M. Say.

Belgium, Switzerland, and Russia declared that they had adhered to the proposed response because it did not contradict the mono-metallic doctrine. Austria declared that she had adhered to it because the response contained nothing contrary to the bi-metallic doctrine. Holland might have said the same if her delegates had not been absent. Italy declared bluntly that she strongly protested against the studied ambiguity of the collective response.* M. Say said

* Count Rusconi, we read in the minutes of the sitting of the 29th August, summed up his personal opinion, shared moreover by his colleague M. Baralis, by saying:

1. That by the adoption of the proposed formula, the Conference does not reply to the question submitted, and that by systematically avoiding to pronounce on the possibility or impossibility of establishing a fixed ratio by means of an international convention between gold and silver moneys, it leaves its task incomplete.

2. That after the French law established that ratio, there were only oscillations without gravity between the value of the two metals, whatever the accidents of the production of mines.

3. That consequently *à fortiori*, if the French law was alone able to secure this result, whenever states like France, England, and the United States of America thought fit to fix together by an international law the ratio of value of the two coined metals, that ratio would be established on so firm a basis that it would become unshakable.

nothing; to him, as to Mr. Goschen, the collective response was perfect; it was the realisation of the design he had manifested from the 19th August, before even the Americans had replied to Mr. Goschen. "It would seem to us preferable," said M. Say, "that the Conference abstained from making "a formal reply to the questions which are submitted "to it."

The collective response tenders thanks to the United States Government *for having elicited an international exchange of opinions on the important monetary question.* These thanks are a pure formality, at least as regards England. England dreads all international exchange of opinions on this matter; if she takes part in the discussions it is to prevent any accord. She prefers the anarchy of legislation, because she reckons that a few blunders will everywhere be made, and that, profiting by these blunders, she will be able to avoid renouncing her mono-metallic routine.

The Americans had fulfilled their mission with equal dignity and ability. After the collective response signified to them they had nothing further to do. They wished, however, to answer by thanks to the thanks offered them. They thanked the European States for having accepted the invitation of the United States, and for having been represented at the Conference. Then they confined themselves to intimating that if there was no intention of contracting any engagement relative to the simultaneous employment of gold and silver, it was idle to form wishes

for the future of silver. As for them, representatives of the United States, they had come to Europe expressly to contract such an engagement.

Thus, on the 29th August, terminated the Conference of 1878. If it did not give what it should have given, it was because France remained inert. The country of milliards of silver and milliards of gold did not even take exception to the lecture given it in full congress by the country of tokens, Switzerland; it did not affirm in the face of the nations that the invariability of value between the two monetary metals was a legislative problem long ago solved, and until 1874 also solved in practice by the French law on every point of the globe.

Nevertheless, despite the great shortcomings and despite the petty defections which occurred at the Conference, the first bi-metallic campaign, a campaign of four years, has been a good one. We are about to draw up the balance-sheet of it.

VII.

THE BALANCE-SHEET.

The Franco-German mono-metallic coalition has four leaders: M. Michel Chevalier, the senior of them all, M. de Parieu, the diplomatic negotiator, M. Louis Bamberger, the despiser of the Latin races, and M. Soetbeer, the statistician of the two monetary metals. Let us question all four of them, and let them tell us where they find themselves.

Gold and silver had long been circulating on the footing of the most perfect legality, a legality guaranteed among all peoples by the French bi-metallic law at $15\frac{1}{2}$, when suddenly a cry of alarm was raised. It was M. Michel Chevalier who uttered it. California and Australia are producing, he said, enormous quantities of gold; the value of that metal will fall indefinitely in relation to silver; it is the moment for getting rid of what I call the *double étalon* system. Let us deprive gold of its legal character of money. Let us have only one metal, silver, which is the really national money. M. Chevalier was well informed, the annual production of gold was in fact much greater than it had been before, it

tripled, it sextupled, but gold was not demonetised, and oh! wonder, the relative value of gold and silver did not vary, the 15½ stood firm. *Impavidum.*

Later on M. Michel Chevalier turned round against silver mono-metallism and preferred gold mono-metallism. He demanded the demonetisation of silver, even going the length of asserting that the state should not give compensation for the 5-franc silver pieces. According to him the German law had been too generous in promising to repay in gold money the silver florins and thalers. So much the worse for all those who happen to hold silver francs, he said, so much the worse for the Bank of France if it holds a milliard of them. Philippe le Bel falsified the legal value of the coinage, M. Michel Chevalier annuls it. It is still more lucrative.

M. Michel Chevalier has never ceased proclaiming that bi-metallism is an absurdity, and that it is impossible for the two monetary metals to maintain an invariable ratio of value. On our part we have often put this question to M. Michel Chevalier: "Is it "not true that if the great states allowed gold and "silver to be freely coined, establishing the same "ratio between the weight of their gold pieces and "the weight of their silver pieces, is it not true that "the two metals would always and everywhere pre-"serve the same relative value?" To this question M. Michel Chevalier has never thought proper to reply yes or no. He has always contented himself with saying: Never will England allow the unlimited

coinage of silver. By this evasive answer M. Michel Chevalier has confessed his defeat. He has thrown down his arms. He is our prisoner, and will remain such as long as he has not distinctly replied to our question.

M. de Parieu was the founder of the Latin Union. It was he who negociated with Belgium, Switzerland, and Italy, that paltry convention of 1865. Let great powers establish a monetary agreement between them, nothing is more desirable; they would render a great service to entire humanity. But what advantage was there for France to treat as equals with the Swiss cantons and the Belgian provinces, to bind itself for fifteen years with countries which already employed the French monetary system, and which had no thought of getting rid of it?

The work of M. de Parieu, the convention of 1865, is nevertheless a bi-metallic work. It sanctions the simultaneous employment of gold and silver at the ratio of $15\frac{1}{2}$. If M. de Parieu had negotiated and concluded a treaty of this nature between France, England, and the United States, his glory would be imperishable. But scarcely had he signed his bi-metallic treaty with the three neighbours, than he imagined the getting all the European States and the United States of America to adopt an international mono-metallic unit—the 5-franc gold piece. Pounds sterling and American eagles were henceforth to be coined with less weight, at the weight which would make them exact multiples of the 5-franc gold piece,

and gold thalers and gold florins were to be invented agreeing with the weight of this same piece. This done, all silver money was to be abolished, except small change, and international mono-metallism was to be established. This fine scheme was brought before the International Monetary Conference of 1867, whose labours M. de Parieu directed, and was there, we admit, adopted with enthusiasm.

Proud of this success and actively seconded by Mr. Hendricks of the *Economist*, M. de Parieu set himself without intermission to propagating the mono-metallic faith, and he may certainly claim a good share of responsibility in the *coup d'etat* perpetrated in Germany against silver. But Germany, while adopting gold as sole *automatic* money, refused to accept the common denominator extolled by M. de Parieu. She coined crowns of 20 marks, whose weight is far from being in simple and convenient relation with the weight of the 5-franc gold piece. England also, and rightly, had refused to lessen the weight of the pound sterling for the mere sake of making it the exact quintuple of a French piece which has not even the meagre merit of weighing a round number of grammes. M. de Parieu's common denominator is dead and buried, we shall hear no more of it.

In 1876, M. de Parieu attacked in the Senate the system of the limited coinage of silver, which M. Say, it will be remembered, had so much trouble in abandoning. We should be grateful to him for it, although in demanding the entire prohibition of the

coinage of silver, M. de Parieu proposed to found mono-metallism in France. That prohibition we have ourselves urgently called for, but knowing full well that it would be only for a time and would in reality benefit the bi-metallic cause.

M. de Parieu does not like to be styled a mono-metallist. Inasmuch as he allows that a certain quantity of silver and bronze may be employed for small change, he has asked at the *Institute* itself why he should not be styled a tri-metallist. For a very simple reason: a metal is not really monetary unless the coinage of it is free and unlimited; M. de Parieu desires free and unlimited coinage for gold only; hence the reason why he is a mono-metallist.

M. de Parieu's last article has appeared this year in the *Correspondant*. It is a violent invective against the morality of the United States. The United States were virtuous when they appeared inclined to adopt M. de Parieu's common denominator. They suddenly became demagogues and immoral when they declared themselves for bi-metallism. It is proper and may be useful to point out the errors or prejudice with which a country is infected, but it is no good to insult a whole nation and to maintain that the resolutions it takes can only have bad motives. Look closely—those who fence in that way are always disappointed men.

M. de Parieu fancied that the International Conference of 1867, presided over by himself, had for ever solved the monetary question; he was mistaken:

errare humanum est. And it was Mr. Goschen himself who undertook to convince him of his mistake. As long as M. de Parieu is not justified in his international mono-metallism in the eyes of England, as long as he is not reconciled with Mr. Goschen—he is our hostage. But every regard is due to him, and he may count upon it.

If the Americans are immoral in M. de Parieu's eyes, because they have become bi-metallists, the French are a nation in decay in M. Louis de Bamberger's eyes, because they are not mono-metallists like himself.

> Without dwelling on the theory of historians who, summoning the nations to their bar, point out the ascending march of the Germans and the decline of the Latins, one may observe that the ideas connected with the bi-metallic system are especially French, or adopted by the nations which easily allow themselves to fall into the seductions of the French spirit. (*Deutsche Rundschau*, October, 1877.)

The ungrateful man! He lived 20 years in Paris; it was here he imbibed the mono-metallic doctrines of M. Michel Chevalier and M. de Parieu, yet he prints such things! The ill-advised man! he prints these things, and he does not remember having written, a few pages earlier, that if Germany had hesitated the Latin Union would *evidently have got the start* of her. The French, says M. Bamberger, were

very near demonetising silver before the Germans. What becomes then of the theory of the *ascending march of the Germans and the descending march of the Latins?*

That M. Michel Chevalier and M. de Parieu did not foresee the disastrous consequences of the prohibition of coining silver in Europe on the exchanges, that is to say, on the settlement of all payments between Europe and Asia, is conceivable; neither the one nor the other has been engaged in commerce. But how is it that M. Bamberger, banker and financier, foresaw nothing, and how can he write that *the nations which have adopted the single gold standard are the only ones free from anxiety in monetary questions?* Let M. Bamberger read the confessions of Mr. Goschen, speaking at the Conference in the name of England, the typical country of the single gold standard, and let him read them twice over.

M. Bamberger asserts that it is not Germany who has made the value of silver fall as compared with gold. "See," he says, "we have sold but little silver." True; but you have ceased to coin it. There are now only M. Bamberger and M. Feer-Herzog, the Swiss Delegate, to argue that the fall of silver is due to other causes than the legislative acts of Germany. But let us catch M. Bamberger *flagrante delicto*:—

> There is no longer that happy time of harmony and union when silver and gold lived fraternally together. Any attempt to

> restore these good relations, to keep the balance even between them, would certainly result only in a defeat, and one of the two metals, at the end of the struggle, would necessarily become the victim of the other.

The crime is here acknowledged, confessed. Harmony existed between gold and silver, it had existed notwithstanding the varying accidents of their production, and M. Bamberger boasts of having disturbed it. We hand over M. Bamberger to the arms of justice.

M. Soetbeer does not ask for mono-metallism to become general; on the contrary he is anxious that France and the United States should issue bi-metallic money. Such anxiety cannot but embarrass M. Michel Chevalier and M. de Parieu, and this militates in M. Soetbeer's favour. But we wished to hear M. Soetbeer himself, and we paid him a visit two years ago at Göttingen. Germany had calculated, he told us, that the coinage of silver would remain free at Paris, and that she could thus get all her silver coined into 5-franc pieces, then exchange the silver francs for gold francs, and lastly transform the gold francs into marks. The demonetisation thus effected would have cost little or nothing. But behold France coins no more silver. *It is treachery !* he exclaimed. Germany, however, is pledged. She will shrink from no sacrifices.

Half repentant and half resigned, so appeared to us M. Soetbeer. *Half repentant*, for he frankly

admitted in the *Neue Freie Presse* of Vienna (10th October, 1876), that the bi-metallic union as we understand it would secure the stability of the relative value between the two metals. *Half resigned*, for he often let fall *alea jacta est.* Let the German Government take a step towards bi-metallism; the Göttingen professor would not be one to protest. M. Soetbeer, as will be seen, has good points for his exculpation; we do not therefore require from him any of the sureties it was necessary to take with M. Michel Chevalier, M. de Parieu, and M. Bamberger.

But let us leave the generals and look at the battle-field. At the Monetary Conference of 1867, all, Europeans and Americans, pronounced for gold-mono-metallism. At the Conference of 1878 bi-metallism had but one opponent with whom it was necessary to reckon: England. And how England herself has changed attitude! In 1867 she voted for international mono-metallism; in 1878 she demanded indeed that her internal mono-metallism should be spared, but she unceasingly condemned the mono-metallist propaganda going on abroad. The ground which bi-metallic opinion has won is immense. What remains to be done to storm the last redoubt—English mono-metallism?

VIII.

DELENDA CARTHAGO.

What could England have done, if, at the Conference, the French Government had held this language:—

"I accept the propositions of the United States, "and I am ready to sign a treaty with them, with "Italy, with Austria, with Holland, with all who "will adhere to it. But the coinage of silver shall "commence only when England herself coins it. "Till then we will do absolutely nothing of what "England desires or will desire us to do respecting "silver."

Instead of speaking up France spoke in a whisper. She nothing said of what should have been said, and nothing that she did say should have been said. It was a fine opportunity, it has gone by. But the goal is not out of reach; France and the United States hold positions so commanding that England is at their mercy.

It is well known that before 1873 the price of silver at London was stable. It is well known that for five years that price has been ever uncertain and

fluctuating. Every price has been seen and again seen, from 60¾*d.* to 46*d.* per ounce. The French Government has only to melt down some millions of 5-franc pieces and throw them on the London market, in order to bring down the price of silver to 45, to 40, to 35; it would be the ruin of the Indian finances, and Anglo-Indian commerce would never have seen such a Black Friday.

Is it thought that this attack, perfectly justified by England's resistance and ambiguity, is too direct? Is it preferred to advance by flank movements? It can be done.

The convention of 1865 of the so-called Latin Union expires in December, 1879; to prevent its tacit renewal it must be denounced before the 1st of January. Let it be denounced without a day's delay. Let France conclude new arrangements with the Italian Government, which has given proofs of fidelity to bi-metallism; but let her shake off the idolaters of mono-metallism: the Swiss Government and the Belgian Government.

Switzerland had never coined either gold money or silver money. Until 1874 she had fabricated merely tokens. It was only after the discomfiture of silver that the Helvetic Government, notwithstanding its extremely mono-metallist opinions, did not disdain getting coined at Brussels about ten millions of francs in 5-franc pieces with German silver, which it bought at a discount. Let Switzerland take back her millions of silver, let her carry on mono-

metallism at her pleasure, let her coin her first gold piece!

Belgium will return to France what French crowns she possesses; but she will take back all the Belgian crowns in France; she will find herself encumbered with the 500 million francs of her own fabrication, with which she will no longer be able to pay anywhere abroad; she will have to sell silver at London in order to get a supply of gold, the only money of international value. Heavy will be the losses; but who will pity her? Has she not alleged that a civilized country should have only gold money? At any rate she will make silver fall, and that is the essential thing; it is by the fall of silver that England will be forced to capitulate.

In arranging with the Italian Government let France beware of making it the slightest concession in the way of limited coinage. Italy being under the paper money system, all the silver she has coined has emigrated, it is nearly all in France; the fresh silver she would coin would come here in its turn, no doubt about that. France has resolved not to coin silver herself, and is Italy to coin silver destined for France? It is absurd. It would be better to receive Italian paper money in the French public treasuries and keep it there; this complaisance would at least have no effect on the value of silver, whereas every entry of metal into the Italian Mint would keep up the price of silver, to the great satisfaction of England, which is what must be avoided.

Let Italy have patience; just like France, she will be able to coin all the silver she likes when international bi-metallism is established.

There have for some weeks been fabricated in Austria silver florins ; the reason is that the silver florin and the paper florin have come to have the same value compared with gold. This Austrian coinage is watched with approval by England. France should advise Austria to discontinue it. Austria at the conference, also declared herself frankly bi-metallic, she may be asked not to compromise the common interest.

The recrudescence of the fall of silver will inflict fresh losses on England and India, immense, daily, irrecoverable losses, but it will not make France lose anything. The two and a half milliards of French silver no longer circulate but as paper money, as tokens ; that, as merchandise, this paper money, these tokens, should come to be worth still less, the moment France does not withdraw and does not mean to withdraw it from circulation, is a matter of no consequence. Whatever the fall in the metal, the situation is none the worse.

It is by aggravating the fall that the adhesion of England to the bi-metallic union will be obtained; thus, and thus only, will the two and a half milliards of French silver recover all the value they have lost. The fall will cure the fall. *Similia similibus curantur.*

The United States have a grand revenge to take

on England. It was England who made the conference miscarry. Let the United States coin no more silver; let them repeal the Bland Bill. England will be in consternation. The Bland Bill, as judiciously amended by Senator Allison, provides that the Federal Treasury shall expend every month from two to four millions of dollars in purchases of silver, for the purpose of coining dollars weighing 412½ grains. The system of limited coinage was thus recognised. Congress did well to recognise it, but it would be wrong to maintain it. It did well to recognise it, because an American vote in favour of silver, producing a great impression in Europe, might have induced the Paris conference to institute international bi-metallism. It would be wrong to maintain it, because henceforth the purchases of silver effected by the Federal Treasury, have no other effect than that of helping Germany to get rid its silver, of burdening the currency of the United States with a non-*automatic*, non-exportable money, of studying the convenience of the common enemy: England.*

* It is without reason that the limited coinage dollar weighs 412½ grains, it might weigh only 200, only 100 grains; it is even without reason that it is silver, it might be copper. Lighter or heavier, silver or copper, the limited coinage dollar is never more than a metallic greenback, with this aggravating circumstance that it does not, like the paper greenback, cost nothing to the State which creates it.

Would it be rational to augment the weight of the dollar, to bring it up to 500, to 600 grains? No, whatever the weight given it, as long as Europe coins no silver, the dollar cannot cross the Atlantic except as merchandise to be sold at the current price. The current price has necessarily been very variable in Europe since bi-metallism has no longer been in operation, and it will continue so as long as bi-metallism does not operate. It is absolutely impossible to give the dollar a weight corresponding to the ever-changing price of silver at London. It would not be possible to change the weight of the dollar every time the value of silver happens to change as compared with gold.

The United States will not hesitate, they will do what the Latin Union has done after four years' sad experience; like it, they will suspend all purchase of silver, and for the present will not coin a single piece of that metal. *In hoc signo vinces.* As soon as the United States expend no more the millions they are expending every month in purchases of silver, the price of that metal will undergo so terrible a crisis at London, the rupee will be so debased, that tired of war and to rescue the value of silver, England will ask to negotiate on the basis of international bi-metallism.

Meanwhile the mono-metallists have nothing to complain of; they have everything they want given them. Are not we labouring, we also, for the triumph of their cause? Do we not ask for all the mints to be closed to the coinage of silver? Irony of reason! The very day when no particle of silver is any longer coined, either in Europe or the United States, mono-metallism will fall powerless, and it will be in its own cradle, on the banks of the Thames, that it will draw its last breath.

The transition from mono-metallism to bi-metallism will be effected in England without the slightest difficulty. All the coins at present in circulation remain in circulation, and it will be sufficient to add to the laws previously in force, the following provisions:—

> Where any person brings to the Mint any silver bullion, such bullion shall be coined

and delivered out to such person in pieces of four shillings, every piece weighing 378·708 grains silver standard.

All persons shall be entitled to demand from the Bank of England bank notes in exchange for silver bullion, at the rate of 60½ pence per ounce of standard silver.

The four shilling coins shall be legal tender to any amount.

Let these provisions be sanctioned by the British Parliament, and *that very instant* France will for ever resume the coinage of silver; and *that very instant* silver will for ever recover its old value; and *that very instant* 20 silver shillings and one gold sovereign will for ever possess the same intrinsic value; and *that very instant* the rupee will for ever become worth 1*s.* 10⅝*d.*; and *that very instant* the exchange between India and England will for ever become as stable as the exchange between London and Paris.

These are not oracular prophecies; they are mathematical predictions like those of astronomy. People should either accept them, or demonstrate that the calculations are unsound. If in England or elsewhere there is a statesman, a *savant*, an economist, a banker, a merchant who will attempt that demonstration, let him stand up!

&c.

BY THE SAME AUTHOR.

BI-METALLIC MONEY. London, 1875.

M. MICHEL CHEVALIER ET LE BIMETALLISME. Paris, 1876.

SILVER VINDICATED. London, 1876.

NOMISMA, or LEGAL TENDER. New York, 1877.

THE BLAND BILL. Paris, 1878.